State of California
Department of Technology Services
Cost and Rates Benchmarking
TSB Ad-Hoc Committee Meeting
Status Review

September 10, 2008

WTC Staff

- Zahid Masood - Practice Director
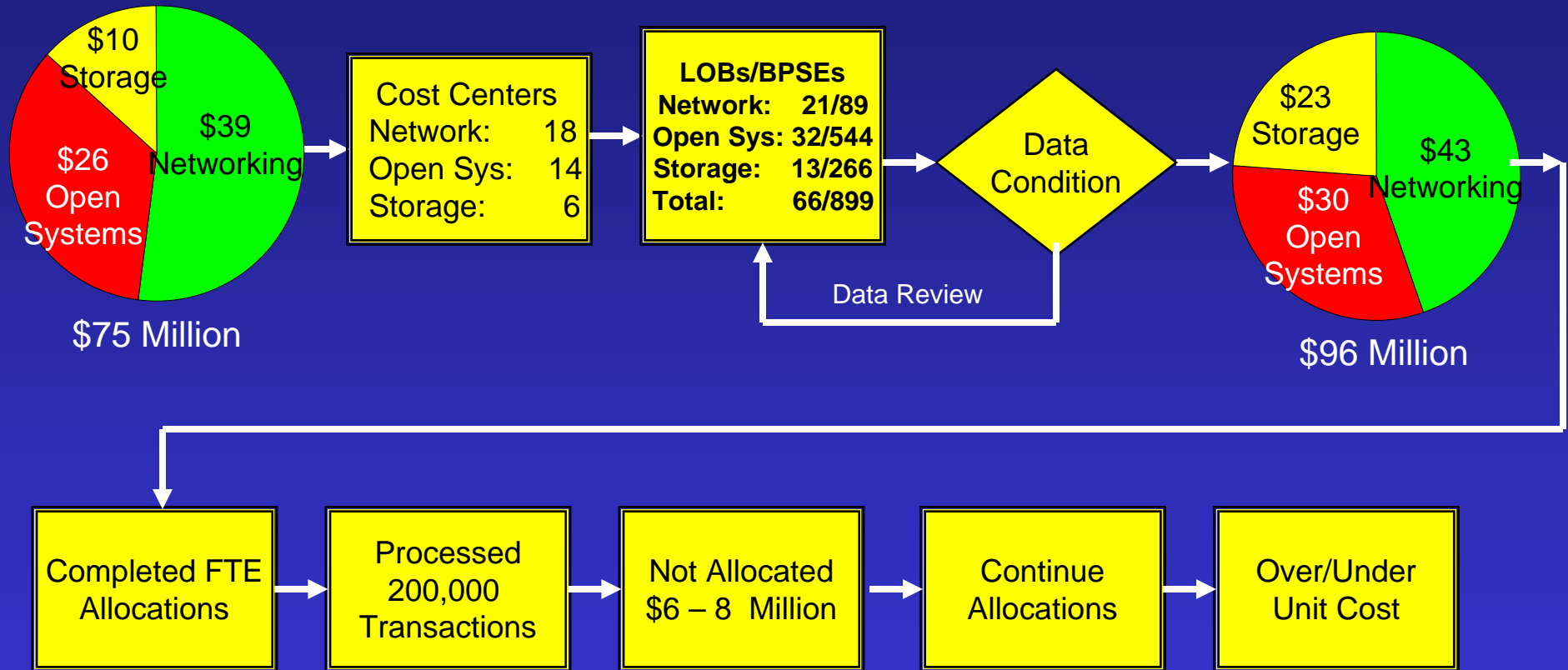- Vicky Gentry - Consultant
- Dean Oyama - Consultant

Agenda

- DTS baseline cost
- Benchmark
- Next Steps

DTS Baseline Cost

DTS Baseline Costs

$10 Storage

$26 Open Systems

$39 Networking

$75 Million

Cost Centers
Network: 18
Open Sys: 14
Storage: 6

LOBs/BPSEs
Network: 21/89
Open Sys: 32/544
Storage: 13/266
Total: 66/899

Data Condition

Data Review

$23 Storage

$30 Open Systems

$43 Networking

$96 Million

Completed FTE Allocations

Processed 200,000 Transactions

Not Allocated $6 – 8 Million

Continue Allocations

Over/Under Unit Cost

Benchmark

Benchmark

Purpose

- Compare DTS rates
- Compare elements included in the rates
- Public and private

Benchmark

Approach

- Phase I
  - Identify survey participants
  - Ask: Do you provide services DTS provides?
  - Ask: Do you charge a rate?
  - Ask: What is the rate?
  - Compare to DTS

Benchmark

Approach

- Phase II
  - Narrow the services
  - Select 10 services for comparison
  - Drill into the makeup of the services
  - Identify elements included in the service
  - Compare to DTS

10 Services – Lines of Business

- Storage
  - Mainframe: Disk Storage – Shared
  - Mainframe: Cartridge Tape Storage
  - Open Systems Storage - Tier II

- Open Systems
  - Wintel Server Tier I and II
  - Solaris Server Tier I, II, III, and IV
  - Internet Services: Shared Web Hosting Tier I/II Standard Server

10 Services - Lines of Business

- Networking
  - Access Equipment: Access Equipment Cost
  - Device and Circuit Support: Standard Support
  - Statewide Backbone: General Backbone
  - Bandwidth Usage: Bandwidth Usage

Participants

Benchmark

- **States**
  - Delaware
  - Illinois
  - Michigan
  - Minnesota
  - South Dakota
  - Tennessee

- Agencies
  - Board of Equalization
  - Health Care Services
  - Social Services
  - Franchise Tax Board
  - Cal Trans

- Private
  - AT&T
  - Verizon

Benchmark

Participants	Phase I	Phase II
Delaware	X	X
Illinois	X	X
Michigan	X	X
Minnesota		
South Dakota		
Tennessee	X	X
CA Board of Equalization	X	X
CA Dept. Health Care Svcs.	X	X
CA Dept. Social Services	X	X
CalTrans	X	
CA Franchise Tax Board	X	
AT&T		
Verizon	X	

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Benchmark

First Question

- Do you provide the service?
- 66 LOBs provided by DTS
- 10 participants
- 660 possible answers
- Useful in discussing rates

Benchmark

Do You Provide the Service?

234 (35%) No   **426 (65%) Yes**

69 (26%) No   **195 (74%) Yes**

147 (45%) No   **183 (55%) Yes**

18 (27%) No   **48 (73%) Yes**
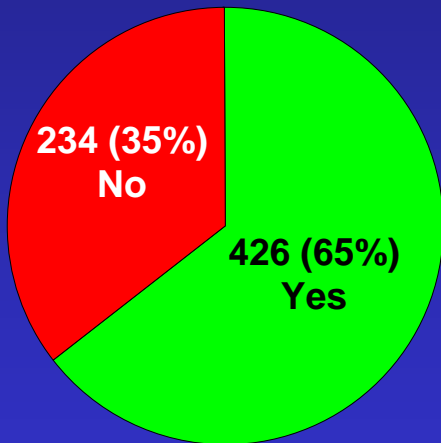
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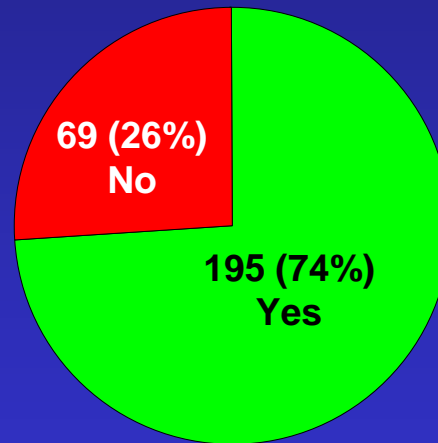
Other States
264
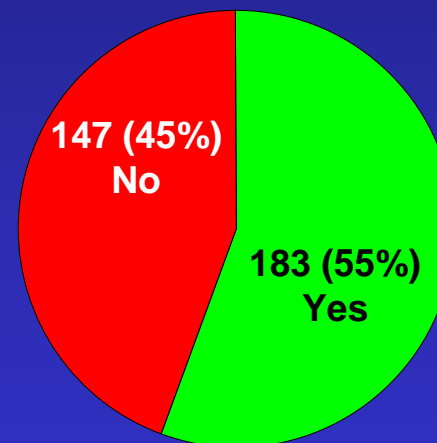
CA Depts.
330

Private
66

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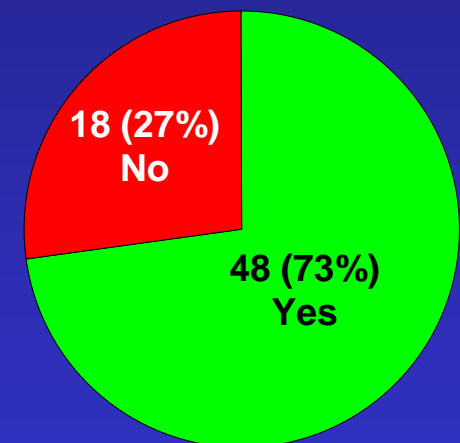
Question No. 1
By State

Benchmark

Do You Provide the Service?

Delaware
- 26 (39%) No
- 40 (61%) Yes

Illinois
- 19 (29%) No
- 47 (71%) Yes

Michigan
- 7 (11%) No
- 59 (89%) Yes

Tennessee
- 17 (26%) No
- 49 (74%) Yes

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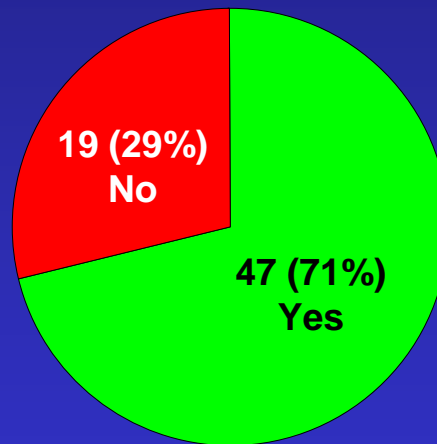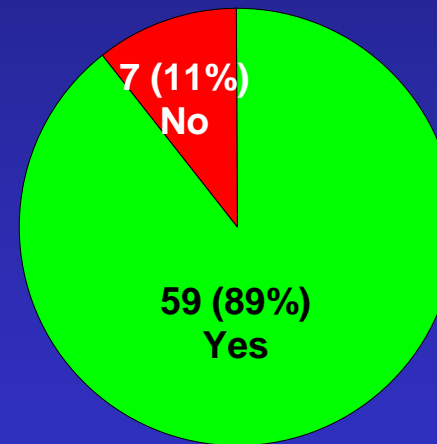
Benchmark

Second Question

- Do you charge for the service?
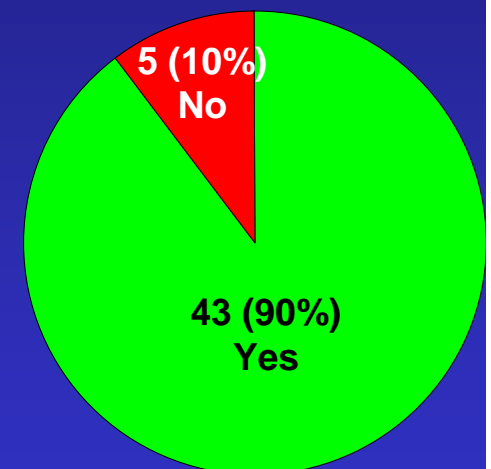- Useful in discussing rates

Benchmark

Do You Charge for It?
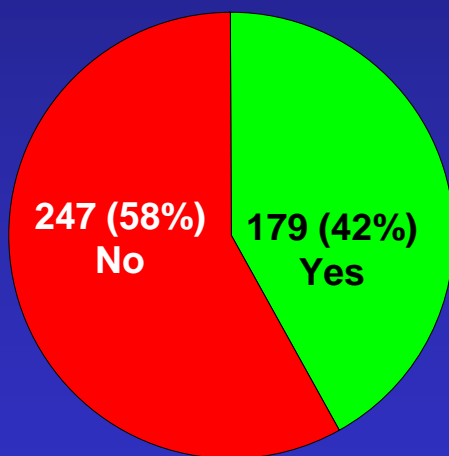
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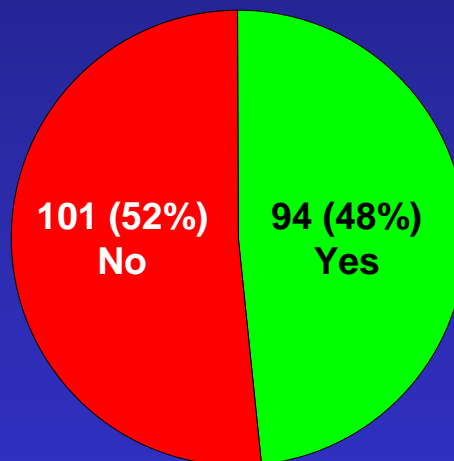
Other States
195
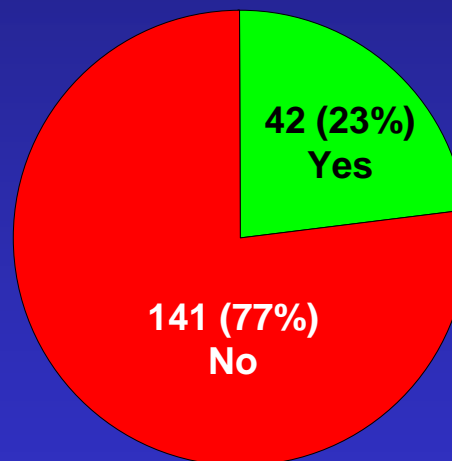
CA Depts.
183

Private
48

Question No. 2
By State

Benchmark

Do You Charge for It?

Delaware

- 1 (3%) Yes
- 39 (97%) No

Illinois

- 11 (23%) No
- 36 (77%) Yes

Michigan
In progress

- 10 (17%) Yes
- 49 (83%) No

Tennessee

- 2 (4%) No
- 47 (96%) Yes

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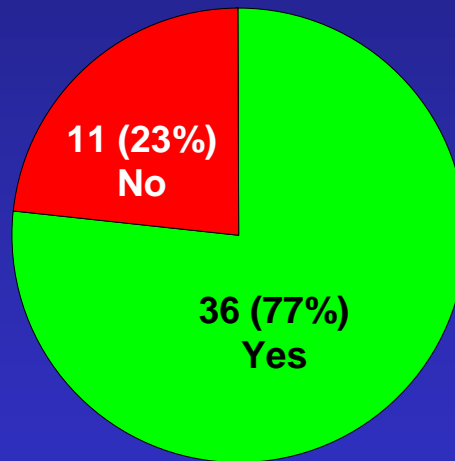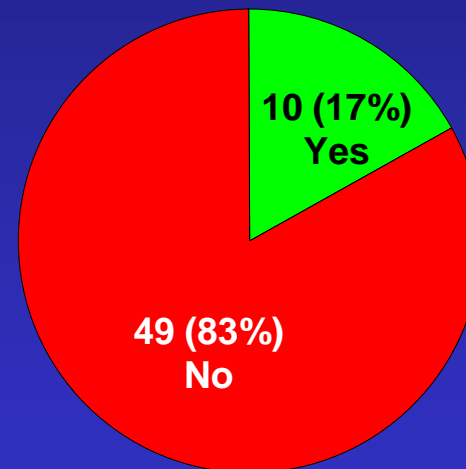
Benchmark

Are the rate metrics comparable to DTS

Examples

Gigabyte per month vs. per day

Per system vs. per server

Per switch vs. per port

Benchmark

Is the rate methodology comparable?

- Fixed

- Variable

- Bundled
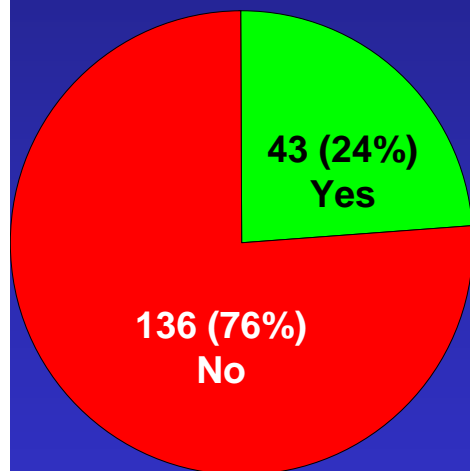
- Library

- Utility

Benchmark

Characteristics of Rates Charged

Rate Types	CA DTS	Other States	CA Depts.	Private
Fixed	59	48	0	20
Variable	5	5	0	23
Bundled	0	42	0	0
Library	2	100	183	5
Utility	0	0	0	0
Total	66	195	183	48

Benchmark

Rate Methodology Comparable to DTS

Total
179
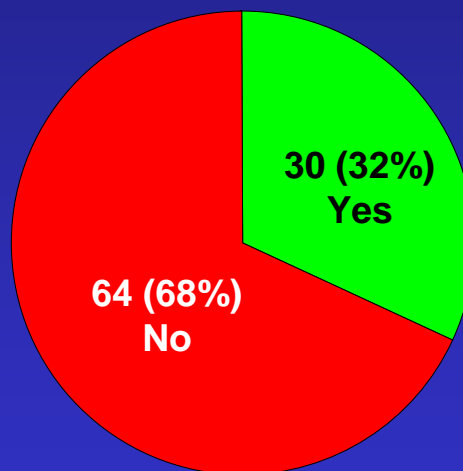
Other States
94
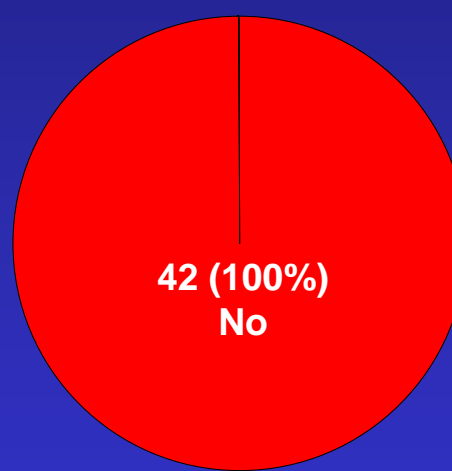
CA Depts.
42

Private
43

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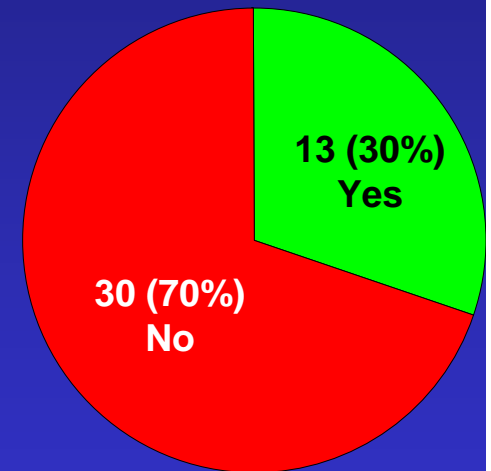
Benchmark

Can Rates be Normalized to DTS

Total
179

74 (41%) Yes
105 (59%) No

State
94

37 (39%) No
57 (61%) Yes

Agency
42

42 (100%) No

Private
43

17 (40%) Yes
26 (60%) No
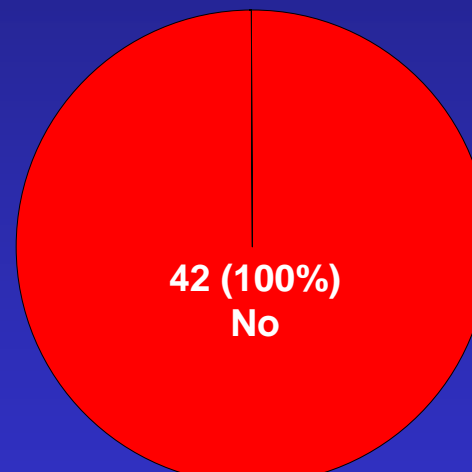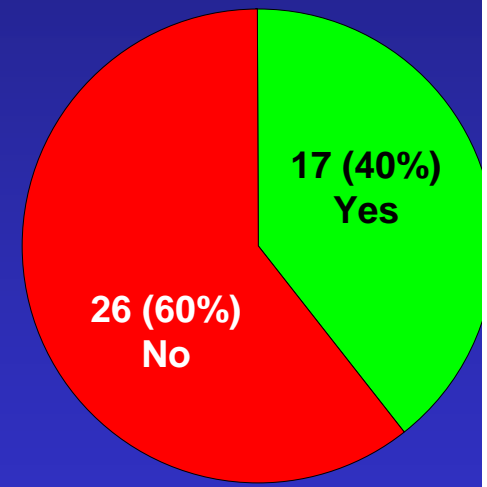
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Alternative Rate Structures

Alternative Rate Structures

- Determine rate structure
  - Utility model
  - Library model
  - Discriminatory model
  - Egalitarian model
  - Hybrid model
  - Bundled service model

Next Steps

Next Steps

- Baseline Costs – Remaining allocations
- Benchmark – Complete surveys
- Alternative Rates – Select two
- Presentation – November 7, 2008

Discussion